

Mr. REID. I am sure the Senator could get that.

So anyway, Mr. President, my request is that we extend morning business until 11:30, and the time be equally divided between Democrats and Republicans.

Mr. GRAMM. Reserving the right to object, if the chairman would like to speak after the Senator from Kentucky, that would be fine. Having come over and having listened to the majority leader's speech, I would like to be sure that somewhere within that time I get an opportunity to speak.

Mr. REID. I say to my friend from Texas, I know Senator BUNNING has been here all morning. He was here when I arrived this morning before 10:30. When he completes his comments, I do not know if the chairman wishes to speak.

Mr. BAUCUS. Mr. President, perhaps I can help matters out. I see three speakers who wish to speak.

Mr. REID. I think maybe what we should do is extend the morning business time until 11:45, with Senator BUNNING having 15 minutes, Senator BAUCUS having 15 minutes, and Senator GRAMM having 15 minutes.

Mr. BAUCUS. That is fine.

The PRESIDING OFFICER (Mr. NELSON of Florida). Is there objection?

Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Kentucky.

#### ECONOMIC STIMULUS

Mr. BUNNING. Mr. President, I rise in support of a strong economic stimulus package to help create jobs and to kick-start our economy. Right now, I don't think there is a doubt in anyone's mind that we have fallen into a recession.

Consumer confidence is down. Lay-offs are up. Economic activity has slowed dramatically. After years of economic good times, we are skidding into a sharp downturn.

Before the horrific terrorist attacks on September 11, our economy was already teetering on the brink. But that day sent us over the edge. In the third quarter, gross domestic product ended up actually shrinking by an estimated four-tenths of 1 percent. When the revised figures come out, I am afraid that number will fall even further down, maybe a full percentage point.

I think there is a chance that the fourth quarter could be worse and we could see GDP contraction of minus 2 or 3 percentage points, plus unemployment rising from 5.4 percent—which it is now—to well over 6 percent. In other words we have hit the wall.

Now we have to ask: What is the best way to get America moving again. That is the issue confronting the Senate. Do we try to cut taxes and provide for efficient, long-term growth that will create jobs or do we go for more Federal spending and a short-term approach, as the majority leader suggested?

To make things worse, September 11 compounded our problems. It made consumers more nervous and investors more anxious. It pushed a number of vital industries—airlines and transportation, investment companies, and tourism—to the edge of the cliff, and some over the edge.

Congress has already acted quickly to help the airlines and to shore up parts of our economy that were badly wounded by September 11. Now we need to figure out what we can do to set consumers' and investors' minds at ease and to help convince them that even though we are at war, it is time to get going with our lives and our business.

I believe that we must act quickly, but we must act correctly. The wrong economic package could make things worse.

The best way I know to create jobs is to provide incentives to business to grow and to expand. And the best way I know to convince business to get moving is taking in the language they understand: dollars and cents. The dollars and cents that every businessman and businesswoman in America knows best is taxes.

We need to cut taxes on business now, and not just nickel and dime stuff. We need real tax reductions that will have a broad impact across the economy and send a signal to the entire business community that Washington understands their problems and is going to do everything possible to help.

It is not time to pick or choose with help for just a few industries. Our whole economy is hurting, and we need general relief across the board.

I know that every time we have this debate the opponents of tax cuts, like our majority leader, shake their fists and point their fingers and cry out that tax cuts only benefit the rich. After awhile, they start to sound like a broken record. What the opponents of tax cuts in an economic jobs package need to understand is that these tax cuts are for businesses—and not corporate executives. No one seriously thinks and talks about helping rich people and hurting poor people.

The question is how we can best act to spur business right now to create real, long-term, permanent jobs. We have all heard from our people back home—the experts who are out there everyday trying to brow their businesses and to expand their companies—about the real, broad-based tax cuts that can make a difference.

We need to cut corporate AMT taxes, the punitive tax goes out of its way to punish enterprising employers, particularly those who are losing their shirt in this economy. Companies need better expensing rules and accelerated depreciation schedules so they can write off costs faster and free up their capital for investment and more job creation. And we need to slash capital gains taxes so that money can flow more quickly to businesses that are ready to invest and spend now.

I don't think anyone in this body really believes that by trying to cut business taxes and create jobs we are really helping rich people. The American people don't buy those class warfare arguments, and they are a lot smarter than many in Congress give them credit. There is a world of business between cutting taxes on rich individuals and cutting taxes on business that create jobs and help families put food on their table. There is nothing better than giving a job to somebody who really wants to work.

As our economy grew over the past decade, as middle-class Americans invested in the market and watched their savings grow, more and more we came to understand that what is good for business in America is good for the American people and the American worker. In the past, when the economy took a turn for the worse, Congress too often took the easy way out. Instead of pushing for tax reductions and promoting growth, we went for the public checkbook and tried to buy our way out of recession with more Government spending. But considering how quickly our budget surplus is shrinking. It doesn't make any sense to write checks that the Treasury might not be able to pay without going into debt once again.

More than anything else, we must not return to the bad old days of Federal deficits and stagnant growth. It may feel good for Congress to pass more spending as a gesture to show "we care," but everyone knows that in the long-run the Government doesn't create jobs—business does—and caring means we have a job for anyone who wants to work.

More spending might help for a little bit, but I worry that it would just be a band-aid approach when our economy needs serious, long-term treatment. Extra spending on public works is sometimes necessary, but it is not a long-term solution to our economic problem. It is only a temporary fix.

And no one has ever accused Government spending, and money for projects funded through Government programs, of getting into the economy faster than tax cuts that would right now put money into the hands of private entrepreneurs.

In short, Mr. President, the best way to get our economy back on track is to cut taxes.

Reducing taxes frees capital. It lets business react swiftly to market conditions and to make crucial decisions quickly. And it affects the bottom line right now.

I do not think I am plowing any new ground here.

We have heard a lot of these arguments before. But I can't remember a time when the debate was as important as it is now.

We are at war. Our economy needs help. It is time to act now and to act swiftly.

I urge my colleagues to pass an economic jobs bill now, one that really

does what it's meant to do—create jobs.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I understand that later in the day a point of order will be made against the bill under section 205 of the concurrent resolution on the budget for fiscal year 2001. The essence of the point of order will be to challenge the emergency designation contained in section 908 of the bill.

I am not sure whether that is the correct ruling. It is debatable. But my expectation is the Parliamentarian will rule that the bill is subject to the Budget Act for that reason.

My view, however, is that the point of order should be waived. Why? Because the bill clearly responds to an emergency. Indeed, my good friend from Kentucky just said: We are at war. He said: Let's get moving now. Let's pass a good stimulus bill.

I don't want to put words in the mouth of my friend from Kentucky, but certainly he believes—and the rest of the Members of this body believe—that there is a very great need for us to act extremely quickly. We also know that many people are in very difficult straits, not to mention the huge tragedy of the thousands of people who were killed in the trade towers which were destroyed, the Pentagon destruction, the anthrax scares, other terrorism scares in the country. We need to move quickly. If that is not an emergency, I am hard pressed to say what is. There may be other emergencies that are even greater. I will not dispute that point. But this clearly is an emergency, too. These are not ordinary times. We are in a different era. It is very difficult.

Let me provide a bit of information. When legislation is considered in the Senate, there are very strict rules to enforce budgetary discipline, as there should be. The embodiment of these rules is the annual budget resolution which is debated every spring. We have updates and so forth, but essentially we have a long debate on the budget resolution. The debate allows the Congress to look at all of its needs—taxes and spending—and construct a budget blueprint for the coming year. It is a guess, an anticipation, an estimate of what we will need for the coming year.

The budget resolution sets a floor for revenues and ceilings for spending. And there are points of order that can be made against any legislation which reduces the revenues below the floor or increases spending above one of the ceilings.

These points of order can only be waived with 60 votes. That is how the budget resolution is enforced. But, wisely, there is a safety valve. We cannot with certainty predict the future. Thank goodness. If Congress and the President agree that there is an unforeseen emergency that requires legislation that cuts taxes or raises spending,

then there is a safety valve for getting the legislation enacted.

The safety valve is simple. Congress must include language in the legislation which designates that the legislation is being enacted to cope with an emergency. Then the points of order enforcing the revenue floor and spending ceilings become inoperative.

That makes sense. In an emergency, for the good of the country, we may need to respond in a way that was not contemplated when we wrote the budget resolution. But there is one final hurdle to face. In the Senate, the language in the bill that designates the legislation as an emergency is itself subject to a point of order. If the point of order is raised and there are not 60 votes to waive it, then the language designating the legislation as an emergency is deleted from the bill.

This is very serious because without the emergency designation in the bill, the entire bill would be subject to a point of order that can only be waived by 60 votes. In that case, the entire bill can be killed with the votes of only 41 Senators. So it is important to keep the emergency designation in the legislation.

Having presented the background, let me explain how the budget process unfolded this year. The budget resolution for this year, fiscal year 2002, was considered in the spring, many months ago. It was passed in early May. We voted on it in this body. At that time the economy was not too strong, but it did not appear to be facing an emergency. The economy had grown at a rate of 1.9 percent in the fourth quarter of the previous year, calendar year 2000. It grew at a slower rate, 1.2 percent, in the first quarter of 2001. These are somewhat weak growth rates, but they are not terrible ones.

Manufacturing was hurting. May was the 10th consecutive month of job loss in manufacturing, but the national unemployment rate was still only 4.2 percent. American consumers were not in a downturn. Retail sales had grown at a 5.2-percent rate in the first quarter of this year and were continuing to grow at the same rate, 5.2 percent, in the second quarter this year.

So the view at the time, at the time the budget resolution was passed, was that the economy needed a boost in fiscal year 2001, which ended on October 1, but the economy should be doing nicely as we progressed through the first two quarters of fiscal year 2002. It needed a short-term boost. But most of us thought—the economists thought, most people who spend their lives thinking about these things thought—that in the first two quarters of next year, January through the end of June, we would be doing a little better.

The budget resolution that we passed last May made room for an \$85 billion tax cut during the remainder of fiscal year 2001. This meant there were no 60-vote points of order that could be raised against a bill containing an \$85 billion tax cut in that fiscal year.

In contrast, the budget resolution made room for a smaller stimulus in fiscal year 2002 because there was an expectation that we would not need as much. It allowed approximately \$50 billion for tax cuts in fiscal year 2002 as part of the President's 10-year tax cut plan. That was part of the deal, part of the understanding. That is what the expectations were.

It allowed an additional stimulative tax cut of \$15 billion in fiscal year 2002, but the \$65 billion total was smaller than the \$85 billion allowed for fiscal year 2001 because it was judged that more than that was not needed, and that was because no one expected the economy to be really weak in fiscal year 2002.

That was then. This is now. Unfortunately, as we moved through the summer into September, there was a surprise. The economy became much weaker than anyone had predicted. Manufacturing continued to lose jobs. By the end of August, manufacturing had lost jobs for 13 consecutive months.

Real GDP growth was almost zero in the second calendar quarter of this year. Many taxpayers were saving part or all of their tax rebates that went out last summer rather than spending them. They are starting to tighten up, getting more nervous, fearful, not spending, and that clearly means a weaker economy.

The Federal Reserve was still cutting interest rates, but that seemed like it might not be enough to turn the economy around. And then disaster struck. It is not necessary to recount the horrors of September 11, but it is important to talk about what the events of September 11 did to the economy. Here are some of the main results:

Airline travel declined precipitously. Airlines laid off thousands of employees post-September 11. Industries that depend on air travel—such as hotels and car rentals—also declined precipitously. They dropped off. Business confidence was shaken. Businesses cut back on investments even more than they had been doing. Consumer confidence began to drop precipitously, threatening consumer spending, which had been one bright spot in the economy.

The results of all those blows to the economy became very clear when the unemployment figures for October were released early this month. Unemployment jumped from 4.9 percent to 5.4 percent. That is the largest jump in more than 20 years. Manufacturing fell to levels last seen in 1965.

Now, non-manufacturing also took a hit. The slowdown in non-manufacturing industries was the most dramatic since the inception of a key report by the National Association of Purchase Managers in 1997.

Agriculture producers are hurting too. Net farm business income was at the year low in 1999 and 2000. Unless Government assistance is continued, net farm income in 2001 is projected to

be even lower. The most acute problems are faced by farmers whose operations have been hit by floods, drought, tornadoes, and other natural disasters.

So that is why we are here today. Clearly, our economy is in an emergency situation. It needs emergency help. Both parties agree that we need some combination of tax cuts and spending increases right now to try to invigorate the economy. This is an important point. We are elected to serve our people, to make judgments—the best judgments on the best information that we have, given all the facts we can lay our hands on. We have to do it responsibly, with integrity, and we have to do it with due consideration and thoughtfulness.

Remember, budget projections are merely estimates as to what the future will hold for us, even though we have virtually no idea of what, in fact, is going to be happening 2, 3, 4, 5 years from now. These budget estimates, prepared by the CBO and OMB, swing dramatically over very short periods of time—just little changes in projected inflation, growth, and unemployment have huge effects on the 10-year estimates. It is the best we can do given the information we have.

Given all of that, I urge my colleagues not to be too hung up on technicalities, on provisions that are in the Budget Act. They are very good. Those provisions should be there, but we have to exercise our judgment as to whether those provisions should be enforced now or not.

The world is watching us to see what we do in this situation—those businesspeople in the markets overseas. If we do too little, they are going to say America is not standing up.

I think there is a fair expectation that our economy will continue to sink, or that it will not be picked up as much as it could. That is a point made by all the people I have talked to—economists and CEOs across the country—about what is the proper stimulus package. I urge us to exercise our independent judgment as the right thing to do.

Mr. President, my time has about expired.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BAUCUS. I thank the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized for not to exceed 15 minutes.

#### GIVING FLEXIBILITY TO THE PRESIDENT

Mr. GRAMM. Mr. President, I came over this morning to urge bipartisanship on the stimulus package—something we have not had in the Senate. I have to say that, while I have deep affection for the majority leader, I was somewhat taken aback by the tone of his speech. I don't think we are going to benefit ourselves here today by getting into a lengthy debate about the stimulus packages that are before us. I

simply wish to make the following points:

First of all, I do believe the American people have been proud of the fact that, since September 11, we have had a level of bipartisanship in Congress that we have not had in a very long time. I think it is a natural thing. I think the American people should expect us to come together in a period of crisis, and I think they have a right to be disappointed when we don't.

Most of the legislation we have done to this point has been bipartisan. We have had a few sticking points along the way. We are in conference today on airport security. The President would like to have the flexibility to use Government employees where it makes sense, to set Federal standards and use private contractors where it makes sense. Some people have said if you are going to do it, you have to use 100-percent Government employees. They say Government employees are more reliable. Critics say that, with Government employees, you can't fire them; you can't provide incentive pay; you can't reward excellence. It is a lengthy debate.

My own opinion is that when in doubt in a period of crisis, you ought to give the President the benefit of the doubt. I hope we will adopt that bill and give him the flexibility to use Government employees where he thinks they will work best, and to use private contractors under Federal standards where they would work best. It is easy to impugn partisan motives to people in that debate, but I do not think it is very helpful.

I have to say the majority leader gave a lengthy discussion about the tax cuts for the rich in the House plan. It is a funny thing; I guess if you went all over the world today and listened to legislative bodies debate, we would probably be the only great legislative body in the world, and maybe the only body in the world, that is still engaged in class conflict. It was rejected in the Soviet Union. It has been rejected in the Third World.

Our whole history is living proof that in America you give ordinary people extraordinary opportunities and they get rich as a result of it, and is anybody any worse off because of it? I do not think so.

I have been blessed, as I am sure many of my colleagues have been blessed, to have many different jobs. I would guess if I went back to when I first got a job throwing a newspaper or working for Krogers or working for Sam Houston Peanut Company, I may have had 30 jobs in my life. But nobody poorer than I ever hired me, and I never felt hostile to people who had been successful, who had money, who were able to invest it and create opportunities for people like me.

I do not understand this effort to try to breed hate based on people's income. One of the reasons it is so utterly unfair is that it is not as if in America

the only people who have income or wealth are people who are born with it. In fact, everywhere, every day, in every city and town in America, we see ordinary people who become extraordinarily successful. Why that ought to be a point of conflict I do not understand.

There has been a lot of discussion about the elements of the Senate bill. Great sport has been made about provisions of turning chicken manure into energy. I thought that was a bad idea when it was first debated, and I still don't think it is a very good idea.

We are trying to pass a farm bill to pay farmers \$5 billion of additional money not to grow because of overproduction, and in the stimulus bill before us we are paying people \$150 million not to convert agricultural land to other uses. On the one hand, we pay them not to produce, and then on the other hand, we pay them to keep land in production. None of that seems to make any sense to me.

Rather than getting into all the details, I will talk about what a stimulus package is, and I am not going to try to appeal to authority, I am going to try to appeal to logic.

When I was a boy studying economics, economists believed in a set of principles. They reached those conclusions based on the study of history and, by and large, economists would normally agree on certain things. Today economists are like lawyers: You just hire one, and they give you the opinion you want, and they give you the best justification they can to do it, just as a good lawyer who is appointed by the court to defend a killer makes the best defense he can make for the guy because it is his job, even though he knows the man is guilty.

Today you can hire economists to say whatever you want them to say and make the most outrageous argument imaginable. You can find somebody who will do it, either because they have a political agenda or because they have their own economic agenda.

Let me talk about stimulus from the point of view of logic, and just see if what I have to say makes any sense.

First of all, if you want to stimulate the economy and you have a relatively small amount of money, you have options. We have sort of talked about \$75 billion or \$80 billion here. One option would be just to put it in small bills and fly it over cities and dump it out. People could find it and spend it. Is that a stimulus? In a sense, one could say it is. People pick up these \$20 bills, they take them and spend them. The only problem is we took the \$20 bills from taxpayers. Are we really any better off as a result of having dropped the money out of airplanes? I think the plain truth is, no.

The same thing is true about giving tax cuts to people who did not pay any taxes. Quite frankly, I know it is going to be in the final package and the President signed on to it in a compromise—negotiating before the negotiations started in a good will gesture,